

## **IC 4-2-6**

### **Chapter 6. Ethics and Conflicts of Interest**

#### **IC 4-2-6-1**

##### **Definitions**

Sec. 1. As used in this chapter, and unless the context clearly denotes otherwise:

(1) "Agency" means an authority, a board, a branch, a bureau, a commission, a committee, a council, a department, a division, an office, a service, or other instrumentality of the executive, including the administrative, department of state government. The term includes a body corporate and politic set up as an instrumentality of the state that chooses to be under the jurisdiction of the state ethics commission. The term does not include any of the following:

(A) The judicial department of state government.

(B) The legislative department of state government.

(C) A state educational institution (as defined in IC 20-12-0.5-1).

(D) A political subdivision.

(E) A private nonprofit government related corporation.

(2) "Appointing authority" means the chief administrative officer of an agency. The term does not include a state officer.

(3) "Assist" means to:

(A) help;

(B) aid;

(C) advise; or

(D) furnish information to;

a person. The term includes an offer to do any of the actions in clauses (A) through (D).

(4) "Business relationship" means dealings of a person with an agency seeking, obtaining, establishing, maintaining, or implementing:

(A) a pecuniary interest in a contract or purchase with the agency; or

(B) a license or permit requiring the exercise of judgment or discretion by the agency.

(5) "Commission" refers to the state ethics commission created under section 2 of this chapter.

(6) "Compensation" means any money, thing of value, or financial benefit conferred on, or received by, any person in return for services rendered, or for services to be rendered, whether by that person or another.

(7) "Employee" means an individual, other than a state officer, who is employed by an agency on a full-time, a part-time, a temporary, an intermittent, or an hourly basis. The term includes an individual who contracts with an agency for personal services for more than thirty (30) hours a week for more than twenty-six (26) weeks during any one (1) year period.

(8) "Employer" means any person from whom a state officer or employee or the officer's or employee's spouse received compensation. For purposes of this chapter, a customer or client of a self-employed individual in a sole proprietorship or a professional practice is not considered to be an employer.

(9) "Financial interest" means an interest:

(A) in a purchase, sale, lease, contract, option, or other transaction between an agency and any person; or

(B) involving property or services.

The term includes an interest arising from employment or prospective employment for which negotiations have begun. The term does not include an interest of a state officer or employee in the common stock of a corporation unless the combined holdings in the corporation of the state officer or the employee, that individual's spouse, and that individual's unemancipated children are more than one percent (1%) of the outstanding shares of the common stock of the corporation. The term does not include an interest that is not greater than the interest of the general public or any state officer or any state employee.

(10) "Information of a confidential nature" means information:

(A) obtained by reason of the position or office held; and

(B) which:

(i) a public agency is prohibited from disclosing under IC 5-14-3-4(a);

(ii) a public agency has the discretion not to disclose under IC 5-14-3-4(b) and that the agency has not disclosed; or

(iii) the information is not in a public record, but if it were, would be confidential.

(11) "Person" means any individual, proprietorship, partnership, unincorporated association, trust, business trust, group, limited liability company, or corporation, whether or not operated for profit, or a governmental agency or political subdivision.

(12) "Political subdivision" means a county, city, town, township, school district, municipal corporation, special taxing district, or other local instrumentality. The term includes an officer of a political subdivision.

(13) "Property" has the meaning set forth in IC 35-41-1-23.

(14) "Represent" means to do any of the following on behalf of a person:

(A) Attend an agency proceeding.

(B) Write a letter.

(C) Communicate with an employee of an agency.

(15) "Special state appointee" means a person who is:

(A) not a state officer or employee; and

(B) elected or appointed to an authority, a board, a commission, a committee, a council, a task force, or other body designated by any name that:

(i) is authorized by statute or executive order; and

(ii) functions in a policy or an advisory role in the

executive (including the administrative) department of state government, including a separate body corporate and politic.

(16) "State officer" means any of the following:

- (A) The governor.
- (B) The lieutenant governor.
- (C) The secretary of state.
- (D) The auditor of state.
- (E) The treasurer of state.
- (F) The attorney general.
- (G) The superintendent of public instruction.

(17) The masculine gender includes the masculine and feminine.

(18) The singular form of any noun includes the plural wherever appropriate.

*(Formerly: Acts 1974, P.L.4, SEC.2.) As amended by P.L.13-1987, SEC.4; P.L.5-1988, SEC.18; P.L.9-1990, SEC.1; P.L.15-1992, SEC.1; P.L.8-1993, SEC.7; P.L.22-1995, SEC.1; P.L.5-1996, SEC.1; P.L.44-2001, SEC.1.*

#### **IC 4-2-6-2**

##### **Commission; creation; membership; vacancies**

Sec. 2. (a) There is created a state ethics commission.

(b) The commission is composed of five (5) members appointed by the governor.

(c) No more than three (3) commission members shall be of the same political party. A person who:

- (1) holds an elected or appointed office of the state;
- (2) is employed by the state; or
- (3) is registered as a lobbyist under IC 2-7-2-1;

may not be a member of the commission. The governor shall designate one (1) member of the commission as the chairman. Each appointment to the commission is for a period of four (4) years. A vacancy shall be filled by the governor for the unexpired term.

(d) The governor and state budget agency shall provide such rooms and staff assistance as the commission may require.

*(Formerly: Acts 1974, P.L.4, SEC.2.) As amended by P.L.13-1987, SEC.5.*

#### **IC 4-2-6-2.1**

##### **Compensation of members**

Sec. 2.1. Each member of the commission is entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). A member is entitled to reimbursement for travel expenses and other expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the department of administration and approved by the budget agency.  
*As added by P.L.9-1990, SEC.2.*

#### **IC 4-2-6-2.5**

**Jurisdiction of commission**

Sec. 2.5. The commission has jurisdiction over the following persons:

- (1) A current or former state officer.
- (2) A current or former employee.
- (3) A person who has or had a business relationship with an agency.
- (4) A special state appointee.

*As added by P.L.9-1990, SEC.3. Amended by P.L.15-1992, SEC.2.*

**IC 4-2-6-3****Rules; code of ethics; adoption**

Sec. 3. The commission shall adopt rules under IC 4-22-2 establishing a code of ethics for the conduct of state business. The code of ethics must be consistent with state law.

*(Formerly: Acts 1974, P.L.4, SEC.2.) As amended by P.L.13-1987, SEC.6.*

**IC 4-2-6-4****Commission; powers and duties**

Sec. 4. (a) The commission may do any of the following:

- (1) Upon a vote of four (4) members, or upon the written request of the governor, initiate and conduct an investigation.
- (2) Receive and hear any complaint which alleges a violation of this chapter, a rule adopted under this chapter, or any other statute or rule establishing standards of official conduct of state officers, employees, or special state appointees.
- (3) Obtain information and, upon a vote of four (4) members, compel the attendance and testimony of witnesses and the production of pertinent books and papers by a subpoena enforceable by the circuit or superior court of the county where the subpoena is to be issued.
- (4) Recommend legislation to the general assembly relating to the conduct and ethics of state officers, employees, and special state appointees, including whether additional specific state officers or employees should be required to file a financial disclosure statement under section 8 of this chapter.
- (5) Adopt rules under IC 4-22-2 to implement this chapter.
- (6) Prescribe and provide forms for statements required to be filed under this chapter.
- (7) Accept and file information:
  - (A) voluntarily supplied; and
  - (B) that exceeds the requirements of this chapter.
- (8) Inspect financial disclosure forms.
- (9) Notify persons who fail to file forms required under this chapter.
- (10) Develop a filing, a coding, and an indexing system required by this chapter and IC 35-44-1-3(f).
- (11) Conduct research.
- (12) Prepare interpretive and educational materials and

programs.

(b) The commission shall do the following:

(1) Act as an advisory body by issuing advisory opinions to interpret this chapter, the commission's rules, or any other statute or rule establishing standards of official conduct upon:

(A) request of:

- (i) a state officer or a former state officer;
- (ii) an employee or a former employee;
- (iii) a person who has or had a business relationship with an agency; or
- (iv) a special state appointee; or

(B) motion of the commission.

(2) Conduct its proceedings in the following manner:

(A) When a complaint is filed with the commission, the commission may:

- (i) reject, without further proceedings, a complaint that the commission considers frivolous or inconsequential;
- (ii) reject, without further proceedings, a complaint that the commission is satisfied has been dealt with appropriately by an agency;
- (iii) upon the vote of four (4) members, determine that the complaint does not allege facts sufficient to constitute a violation of this chapter or the code of ethics and dismiss the complaint; or
- (iv) forward a copy of the complaint to the attorney general, the prosecuting attorney of the county in which the alleged violation occurred, the state board of accounts, a state officer, the appointing authority, or other appropriate person for action, and stay the commission's proceedings pending the other action.

(B) If a complaint is not disposed of under clause (A), a copy of the complaint shall be sent to the person alleged to have committed the violation.

(C) If the complaint is not disposed of under clause (A), or when the commission initiates an investigation on its own motion or upon request of the governor, the commission shall promptly investigate the alleged violation. If, after the preliminary investigation, the commission finds by a majority vote that probable cause exists to support an alleged violation, it shall convene a public hearing on the matter within sixty (60) days after making the determination. The respondent shall be notified within fifteen (15) days of the commission's determination. The commission's evidence relating to an investigation is confidential until the earlier of:

- (i) the time the respondent is notified of the hearing; or
- (ii) the time the respondent elects to have the records divulged.

However, the commission may acknowledge the existence and scope of an investigation or that the commission did not find probable cause to support an alleged violation.

(D) If a hearing is to be held, the respondent may examine and make copies of all evidence in the commission's possession relating to the charges. At the hearing, the charged party shall be afforded appropriate due process protection consistent with IC 4-21.5, including the right to be represented by counsel, the right to call and examine witnesses, the right to introduce exhibits, and the right to cross-examine opposing witnesses.

(E) After the hearing, the commission shall state its findings of fact. If the commission, based on competent and substantial evidence, finds by a majority vote that the respondent has violated this chapter, a rule adopted under this chapter, or any other statute or rule establishing standards of official conduct of state officers, employees, or special state appointees, it shall state its findings in writing in a report, which shall be supported and signed by a majority of the commission members and shall be made public. The report may make a recommendation for the sanctions to be imposed by the appointing authority or state officer for the violation, including:

- (i) a letter of counseling;
- (ii) a reprimand;
- (iii) a suspension with or without pay; or
- (iv) the dismissal of an employee.

(F) If the commission, based on competent and substantial evidence, finds by a majority vote a violation of this chapter, a rule adopted under this chapter, or any other statute or rule establishing standards of official conduct of state officers, employees, or special state appointees, the commission may also take any of the actions provided in section 12 of this chapter.

(G) The report required under clause (E) shall be presented to:

- (i) the respondent;
- (ii) the appointing authority or state officer of the employee, former employee, or special state appointee; and
- (iii) the governor.

(H) The commission may also forward the report to any of the following:

- (i) The prosecuting attorney of each county in which the violation occurred.
- (ii) The state board of accounts.
- (iii) The state personnel director.
- (iv) The attorney general.
- (v) A state officer.
- (vi) The appointing authority.
- (vii) Any other appropriate person.

(I) If the commission finds the respondent has not violated a code or statutory provision, it shall dismiss the charges.

(3) Maintain an index of conflict of interest disclosures received by the commission under IC 35-44-1-3.

(c) Notwithstanding IC 5-14-3-4(b)(8)(C), the records of the commission concerning the case of a respondent that are not confidential under subsection (b)(2)(C) shall be available for inspection and copying in accordance with IC 5-14-3.

*(Formerly: Acts 1974, P.L.4, SEC.2.) As amended by P.L.12-1983, SEC.4; P.L.13-1987, SEC.7; P.L.5-1988, SEC.19; P.L.9-1990, SEC.4; P.L.15-1992, SEC.3; P.L.44-2001, SEC.2.*

#### **IC 4-2-6-4.5**

##### **Violations reported; report to commission of action taken**

Sec. 4.5. Whenever an appointing authority or a state officer receives a report under section 4(b)(2)(G) of this chapter, the appointing authority or state officer shall report to the commission the action taken in response to the report. The commission may require in the report that the appointing authority or the state officer submit the response required by this section in a reasonable, specified amount of time.

*As added by P.L.13-1987, SEC.8. Amended by P.L.9-1990, SEC.5.*

#### **IC 4-2-6-5**

##### **State officers and employees; compensation for official duties**

Sec. 5. No state officer or employee shall solicit or accept compensation, other than that provided for by law for such office or employment for the performance of his duties; it shall be unlawful for any person, other than state officers or employees performing their duties in making payments to state officers or employees as provided by law, to pay, or offer to pay, any state officer or employee any compensation for the performance of his official duties.

*(Formerly: Acts 1974, P.L.4, SEC.2.)*

#### **IC 4-2-6-6**

##### **Present or former state officers and employees; special state appointees; compensation resulting from confidential information**

Sec. 6. No state officer or employee, former state officer or employee, or special state appointee shall accept any compensation from any employment, transaction, or investment which was entered into or made as a result of material information of a confidential nature.

*(Formerly: Acts 1974, P.L.4, SEC.2.) As amended by P.L.15-1992, SEC.4.*

#### **IC 4-2-6-7**

##### **State officers and employees; excess compensation for sale or lease**

Sec. 7. A state officer or employee may not receive compensation:

- (1) for the sale or lease of any property or service which substantially exceeds that which the state officer or employee would charge in the ordinary course of business; and
- (2) from any person whom he knows or, in the exercise of

reasonable care and diligence should know, has a business relationship with the agency in which the state officer or employee holds a position.  
(Formerly: Acts 1974, P.L.4, SEC.2.) As amended by P.L.9-1990, SEC.6.

#### **IC 4-2-6-8**

##### **Financial disclosure; filing false statement; penalty**

Sec. 8. (a) The following persons shall file a written financial disclosure statement:

- (1) The governor, lieutenant governor, secretary of state, auditor of state, treasurer of state, attorney general, and state superintendent of public instruction.
- (2) Any candidate for one (1) of the offices in subdivision (1) who is not the holder of one (1) of those offices.
- (3) Any person who is the appointing authority of an agency.
- (4) The director of each division of the department of administration.
- (5) Any purchasing agent within the procurement division of the department of administration.
- (6) An employee required to do so by rule adopted by the commission.

(b) The statement shall be filed with the commission as follows:

- (1) Not later than February 1 of every year, in the case of the state officers and employees enumerated in subsection (a).
- (2) If the individual has not previously filed under subdivision (1) during the present calendar year and is filing as a candidate for a state office listed in subsection (a)(1), before filing a declaration of candidacy under IC 3-8-2 or IC 3-8-4-11, petition of nomination under IC 3-8-6, or declaration of intent to be a write-in candidate under IC 3-8-2-2.5, or before a certificate of nomination is filed under IC 3-8-7-8, in the case of a candidate for one (1) of the state offices (unless the statement has already been filed when required under IC 3-8-4-11).
- (3) Not later than sixty (60) days after employment or taking office, unless the previous employment or office required the filing of a statement under this section.
- (4) Not later than thirty (30) days after leaving employment or office, unless the subsequent employment or office requires the filing of a statement under this section.

The statement must be made under affirmation.

(c) The statement shall set forth the following information for the preceding calendar year or, in the case of a state officer or employee who leaves office or employment, the period since a previous statement was filed:

- (1) The name and address of any person known:
  - (A) to have a business relationship with the agency of the state officer or employee or the office sought by the candidate; and
  - (B) from whom the state officer, candidate, or the employee,

or that individual's spouse or unemancipated children received a gift or gifts having a total fair market value in excess of one hundred dollars (\$100).

(2) The location of all real property in which the state officer, candidate, or the employee or that individual's spouse or unemancipated children has an equitable or legal interest either amounting to five thousand dollars (\$5,000) or more or comprising ten percent (10%) of the state officer's, candidate's, or the employee's net worth or the net worth of that individual's spouse or unemancipated children. An individual's primary personal residence need not be listed, unless it also serves as income property.

(3) The names and the nature of the business of the employers of the state officer, candidate, or the employee and that individual's spouse.

(4) The following information about any sole proprietorship owned or professional practice operated by the state officer, candidate, or the employee or that individual's spouse:

(A) The name of the sole proprietorship or professional practice.

(B) The nature of the business.

(C) Whether any clients are known to have had a business relationship with the agency of the state officer or employee or the office sought by the candidate.

(D) The name of any client or customer from whom the state officer, candidate, employee, or that individual's spouse received more than thirty-three percent (33%) of the state officer's, candidate's, employee's, or that individual's spouse's nonstate income in a year.

(5) The name of any partnership of which the state officer, candidate, or the employee or that individual's spouse is a member and the nature of the partnership's business.

(6) The name of any corporation (other than a church) of which the state officer, candidate, or the employee or that individual's spouse is an officer or a director and the nature of the corporation's business.

(7) The name of any corporation in which the state officer, candidate, or the employee or that individual's spouse or unemancipated children own stock or stock options having a fair market value in excess of ten thousand dollars (\$10,000). A time or demand deposit in a financial institution or insurance policy need not be listed.

(8) The name and address of the most recent former employer.

(9) Additional information that the person making the disclosure chooses to include.

Any such state officer, candidate, or employee may file an amended statement upon discovery of additional information required to be reported.

(d) A person who:

(1) fails to file a statement required by rule or this section in a

timely manner; or

(2) files a deficient statement;

upon a majority vote of the commission, is subject to a civil penalty at a rate of not more than ten dollars (\$10) for each day the statement remains delinquent or deficient. The maximum penalty under this subsection is one thousand dollars (\$1,000).

(e) A person who intentionally or knowingly files a false statement commits a Class A infraction.

*(Formerly: Acts 1974, P.L.4, SEC.2.) As amended by P.L.12-1983, SEC.5; P.L.13-1987, SEC.9; P.L.9-1990, SEC.7; P.L.3-1993, SEC.237; P.L.44-2001, SEC.3; P.L.14-2004, SEC.180.*

#### **IC 4-2-6-9**

##### **Conflict of economic interests**

Sec. 9. A state officer or employee may not participate in any decision or vote of any kind in which the state officer or the employee, or that individual's spouse or unemancipated children has a financial interest.

*(Formerly: Acts 1974, P.L.4, SEC.2.) As amended by P.L.9-1990, SEC.8; P.L.15-1992, SEC.5; P.L.22-1995, SEC.2.*

Repealed

*(Repealed by Acts 1978, P.L.2, SEC.428.)*

#### **IC 4-2-6-11**

##### **Conflict of interest; particular matters; waiver**

Sec. 11. (a) This section applies only:

- (1) to a former state officer or former employee; and
- (2) during the period that is twelve (12) months after the date the former state officer or former employee had responsibility for the particular matter.

(b) As used in this section, "legislative matter" has the meaning set forth in IC 2-2.1-3-1.

(c) As used in this section, "particular matter" means:

- (1) an application;
- (2) a business transaction;
- (3) a claim;
- (4) a contract;
- (5) a determination;
- (6) an enforcement proceeding;
- (7) an investigation;
- (8) a judicial proceeding;
- (9) a lawsuit;
- (10) a license;
- (11) an economic development project; or
- (12) a public works project.

The term does not include the proposal or consideration of a legislative matter or the proposal, consideration, adoption, or implementation of a rule or an administrative policy or practice of general application.

(d) A former state officer or former employee may not represent

or assist a person regarding a particular matter involving a specific party or parties:

- (1) that was under consideration by the agency that was served by the state officer or employee; and
- (2) in which the officer or employee participated personally and substantially through:
  - (A) a decision;
  - (B) an approval;
  - (C) a disapproval;
  - (D) a recommendation;
  - (E) giving advice;
  - (F) an investigation; or
  - (G) the substantial exercise of administrative discretion.

(e) An appointing authority or state officer of the agency that was served by the former state officer or former employee may waive application of this section if the appointing authority or state officer determines that representation or assistance of a former state officer or former employee is not adverse to the public interest. A waiver under this subsection must be in writing and must be filed with the commission.

(f) This section does not prohibit an agency from contracting with a former state officer or employee to act on a matter on behalf of the agency.

*As added by P.L.9-1990, SEC.9. Amended by P.L.15-1992, SEC.6.*

#### **IC 4-2-6-12**

##### **Violations; penalties**

Sec. 12. If the commission finds a violation of this chapter, a rule adopted under this chapter, or any other statute or rule governing official conduct of state officers, employees, or special state appointees in a proceeding under section 4 of this chapter, the commission may take any of the following actions:

- (1) Impose a civil penalty upon a respondent not to exceed the greater of:
  - (A) three (3) times the value of any benefit received from the violation; or
  - (B) ten thousand dollars (\$10,000).
- (2) Cancel a contract.
- (3) Bar a person from entering into a contract with any agency for a period specified by the commission. The period specified by the commission may not exceed two (2) years from the date the action of the commission is effective.

*As added by P.L.9-1990, SEC.10. Amended by P.L.15-1992, SEC.7.*

#### **IC 4-2-6-13**

##### **Retaliation against employee or former employee for filing complaint or furnishing information or testimony**

Sec. 13. (a) Subject to subsection (b), a state officer or employee shall not retaliate or threaten to retaliate against an employee or a former employee because the employee or former employee did any

of the following:

- (1) Filed a complaint with the commission.
- (2) Provided information to the commission.
- (3) Testified at a commission proceeding.

(b) Notwithstanding subsection (a), a state officer or an employee may take appropriate action against an employee who took any of the actions listed in subsection (a) if the employee:

- (1) did not act in good faith; or
- (2) knowingly or recklessly provided false information or testimony to the commission.

*As added by P.L.15-1992, SEC.8. Amended by P.L.44-2001, SEC.4.*

#### **IC 4-2-6-14**

##### **Prohibitions**

Sec. 14. A person may not do any of the following:

(1) Knowingly or intentionally induce or attempt to induce, by threat, coercion, suggestion, or false statement, a witness or informant in a commission proceeding or investigation to do any of the following:

- (A) Withhold or unreasonably delay the production of any testimony, information, document, or thing.
- (B) Avoid legal process summoning the person to testify or supply evidence.
- (C) Fail to appear at a proceeding or investigation to which the person has been summoned.
- (D) Make, present, or use a false record, document, or thing with the intent that the record, document, or thing appear in a commission proceeding or investigation to mislead a commissioner or commission employee.

(2) Alter, damage, or remove a record, document, or thing except as permitted or required by law, with the intent to prevent the record, document, or thing from being produced or used in a commission proceeding or investigation.

(3) Make, present, or use a false record, document, or thing with the intent that the record, document, or thing appear in a commission proceeding or investigation to mislead a commissioner or commission employee.

*As added by P.L.44-2001, SEC.5.*